

# 1997-99 Performance Progress Report

## For Quarter Ending June 1999

Agency 215

### Utilities and Transportation Commission

#### Mission

The WUTC protects consumers by ensuring that utility and transportation services are fairly priced, available, reliable and safe.

**Strategy** Revise regulatory policies and practices to permit competition and market flexibility in the transportation, telecommunications, and energy industries, where appropriate, and to effectively regulate remaining services.

**Performance Measure** Concentration Index for the local telephone market.\*

\* Lower concentration index equals more competition; a concentration index of 10,000 indicates a monopoly exists.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate				9,100				8,000
Actual				9,557				9286
Date Measured				12/31/97				12/31/98

**Quarter 4 Comment** Data available after May 1998 for calendar year 1997. Initial estimates were too optimistic. While Seattle has competition, the rest of the state remains a virtual monopoly.

**Quarter 8 Comment** Data available after May 1999 for calendar year 1998. Competition in the local telephone market is developing at a slower pace than had been anticipated. We estimate that new local competitors grew (on a percentage basis) 10 times faster than incumbent local companies in 1997, but their share of the overall market remains quite small.

**Strategy** Establish quality thresholds for all industries to protect consumers against deteriorating service quality and disruption as competitive forces emerge in essential service markets.

**Performance Measure** Telecommunications service quality complaints per 100,000 access lines: U S West.\*

\* Service quality complaints have been driven by the industry's largest carrier, U S West, which is therefore shown separately.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate				199				96.5
Actual				98.9				130.88
Date Measured				6/30/98				12/31/98

**Quarter 4 Comment** Forecasts for US West complaints were too high due to being based on complaint data from the early 1990's which was very high. This trend did not continue due to Commission actions against US West requiring them to take actions to reduce complaint levels.

**Quarter 8 Comment** U.S. West strike caused an increase of over 700 complaints.

**Performance Measure** Telecommunications service quality complaints per 100,000 access lines: Other local exchange companies (other than U S West).

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Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate				5.5				43.8
Actual				45				16.5
Date Measured				6/30/98				12/31/98

#### Quarter 4 Comment

Complaints against other Local Exchange Carriers are on the increase due to:

1. Increased need for services, especially new lines and increased network congestion.
2. Slamming complaints (changing a persons long distance carrier without their permission) are on the rise. The local exchange company gets involved because they often bill for the long distance services.
3. Billing dispute complaints are on the rise because companies are getting more aggressive on credit actions, i.e. accepting fewer payment arrangements.

#### Strategy

Promote the safe operation of utility and transportation companies.

#### Performance Measure

Railroad grade crossing index.\*  
(1990 is used as base year at 119 accidents)

\* (100% = 119 accidents) Railroad Grade Crossing Index is calculated as the number of accidents for a particular year divided by 119.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate				72.3%				63.9%
Actual				61.3%				49.6%
Date Measured				12/31/97				12/31/98

#### Performance Measure

Ratio of natural gas main leaks per mile of main for Washington State compared to United States average.\*

\* Calculated by dividing the number of Washington state leaks per mile of main by U.S. leaks per mile of main. Goal is to maintain Washington leaks at less than 75% of the total U.S. Actuals will reflect pervious calendar year's performance.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate				<75.0%				<75.0%
Actual				55.0%				51%
Date Measured				12/31/96				12/31/97

#### Strategy

Participate actively in relevant state and federal forums in the ongoing debate over the optimal market structure for the transportation and utility industries and strive to protect the public interest in widely available and affordably-priced services.

#### Performance Measure

Percentage of Washington households with telephone service.\*

\* Washington ranks above the national average, which was 94.2% in 1995.

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Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate			97.0%				97.0%	
Actual			95.9%				95.2%	
Date Measured			11/30/97				11/30/98	

**Quarter 3 Comment** These are statistical estimates based on samples and are subject to sampling error. For the annual values, the true value is (with 95% confidence) somewhere in the range of +/- 1.9% of the estimated number. In other words, a "change" in the value of less than 1.9% is not statistically significant.

**Quarter 7 Comment** These are statistical estimates based on samples and are subject to sampling error. For the annual values, the true value is (with 95% confidence) somewhere in the range of +/- 1.9% of the estimated number. In other words, a "change" in the value of less than 1.9% is not statistically significant. The national average for 1998 is 94.1%.

**Strategy** To balance customer and shareholder interests for markets that are not yet competitive.

**Performance Measure** Bond rating index for public utilities.\*

\* The index is developed from the Standard and Poor's bond rating guide and ranges from 5.0 to 13.0; the lower the rating, the stronger the utility's financial standing.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate			8.0				8.0	
Actual			7.83				7.67	
Date Measured			3/31/98				3/31/99	

**Quarter 3 Comment** A low number indicates a strong financial rating, so the companies are getting better bond ratings.